

## **Status of Challenged Campaign Finance Rules – September 2006**

Because of recent litigation, questions have arisen about whether certain rules are in effect. Here is a summary of the current status of those rules.

### **Summary:**

Rule 1.3 b: The rule is in effect, and the stipulated interpretation (below) is also in effect.

Rule 1.14: The rule is in effect until further notice from an appellate court.

Rule 4.15 d: The rule is in effect.

### **Explanation:**

In the case of Sanger v. Dennis, Denver District Court Case Number 2006 CV 9214, plaintiffs challenged the legality of three of the Secretary of State's Rules Concerning Campaign and Political Finance (8 CCR 1505-6), as follows:

- (1) Rule 1.3 b, concerning volunteer services.
- (2) Rule 1.14, concerning the definition of "member" and annual permission of members for a membership organization to transfer a member's dues to a political committee or small donor committee.
- (3) Rule 4.15 d, requiring that candidates or committee agents who file disclosure reports must certify that to the best of their knowledge and belief all contributions in a reporting period are from legally permissible sources.

On, September 13, 2006, plaintiffs and the Secretary of State entered into a stipulation concerning Rule 1.3 b, and plaintiffs dropped their challenge to Rule 1.3 b. That stipulation is:

*Rule 1.3(b) of the Secretary of State's Rules Concerning Campaign and Political Finance, 8 CCR 1505-6, was intended to clarify that an individual who is regularly compensated for time-based services can volunteer those services for committees regulated by Article XXVIII. The Rule also intended to retain the current treatment given to individuals' volunteer activities that reflect services that are not time-based. Furthermore, Rule 1.3(b) sought to convey the fact that if any type of volunteer service results in a tangible good of negligible value (such as legal papers, disclosures filed with public offices, walking list results, etc.), the individual's time and the good produced do not thereby become a contribution to the committee, subject to applicable contribution limits.*

*a. Through this stipulation, the Secretary of State agrees to be bound by this interpretation until such time as a new Rule 1.3(b) is adopted that reflects this stipulation. Upon such adoption, this stipulation shall become null and avoid.*

On September 15, the Denver District Court issued a ruling on plaintiffs' motion for a preliminary injunction against Rules 1.14 and 4.15 d, as follows:

- (1) The Court enjoined enforcement of Rule 1.14, but issued a stay of its order on this rule until September 19.
- (2) The Court upheld Rule 4.15 d.

The Court also ruled that there was nothing improper in the manner in which the Secretary of State adopted the rules.

On September 18, the Colorado Court of Appeals issued an indefinite stay of the District Court's ruling on Rule 1.14. The Court of Appeals will hear oral arguments on the legality of Rule 1.14 on Tuesday, September 26, 2006.